

lower bidding credit under this section, the licensee must seek Commission approval and reimburse the government for the difference between the amount of the bidding credit obtained by the licensee and the bidding credit for which the assignee, transferee, or licensee is eligible under this section as a condition of the approval of such assignment, transfer, or other ownership change.

(3) The amount of payments made pursuant to paragraphs (b)(1) and (b)(2) of this section will be reduced over time as follows: a transfer in the first two years of the license term will result in a forfeiture of 100 percent of the value of the bidding credit (or the difference between the bidding credit obtained by the original licensee and the bidding credit for which the post-transfer licensee is eligible); in year three of the license term the payment will be 75 percent; in year four the payment will be 50 percent; and in year five the payment will be 25 percent, after which there will be no assessment.

[62 FR 41221, July 31, 1997]

§ 90.911 Partitioned licenses and disaggregated spectrum.

(a) *Eligibility.* Parties seeking approval for partitioning and disaggregation shall request an authorization for partial assignment of a license pursuant to § 90.153(c).

(b) *Technical standards*—(1) *Partitioning.* In the case of partitioning, requests for authorization for partial assignment of a license must include, as attachments, a description of the partitioned service area and a calculation of the population of the partitioned service area and the licensed geographic service area. The partitioned service area shall be defined by coordinate points at every 3 degrees along the partitioned service area unless an FCC recognized service area is utilized (*i.e.*, Major Trading Area, Basic Trading Area, Metropolitan Service Area, Rural Service Area or Economic Area) or county lines are followed. The geographic coordinates must be specified in degrees, minutes, and seconds to the nearest second of latitude and longitude and must be based upon the 1983 North American Datum (NAD83). In the case where an FCC recognized serv-

ice area or county lines are utilized, applicants need only list the specific area(s) (through use of FCC designations or county names) that constitute the partitioned area.

(2) *Disaggregation.* Spectrum may be disaggregated in any amount.

(3) *Combined partitioning and disaggregation.* The Commission will consider requests for partial assignment of licenses that propose combinations of partitioning and disaggregation.

(c) *Unjust enrichment*—(1) *Bidding credits.* Licensees that qualified under § 90.910 to use a bidding credit at auction that partition their licenses or disaggregate their spectrum to entities not meeting the eligibility standards for such a bidding credit, will be subject to the provisions concerning unjust enrichment as set forth in § 90.910(b).

(2) *Apportioning unjust enrichment payments.* Unjust enrichment payments for partitioned license areas shall be calculated based upon the ratio of the population of the partitioned license area to the overall population of the license area and by utilizing the most recent census data. Unjust enrichment payments for disaggregated spectrum shall be calculated based upon the ratio of the amount of spectrum disaggregated to the amount of spectrum held by the licensee.

(d) *License term.* The license term for a partitioned license area and for disaggregated spectrum shall be the remainder of the original licensee's license term as provided for in §§ 90.629(a), 90.665(a) or 90.685(a).

(e) *Construction and channel usage requirements—incumbent licensees.* Parties seeking to acquire a partitioned license or disaggregated spectrum from an incumbent licensee will be required to construct and commence "service to subscribers" all facilities acquired through such transactions within the original construction deadline for each facility as set forth in §§ 90.629 and 90.683. Failure to meet the individual construction deadline will result in the automatic termination of the facility's authorization.

(f) *Construction and channel usage requirements—EA licensees*—(1) *Licensees in*

channel blocks A, B and C—(i) Requirements for partitioning. (A) The partitionee may certify that it will satisfy the applicable construction requirements set forth in § 90.685(c) for the partitioned license area; or

(B) The original licensee may certify that it has or will meet the three and five year construction requirements set forth in § 90.685(c) for the entire market.

(C) Applications requesting partial assignments of license for partitioning must include a certification by each party as to which of the above options they select.

(D) Partitionees must submit supporting documents showing compliance with the respective construction requirements within the appropriate time frames set forth in § 90.685(c).

(E) Failure by any partitionee to meet its respective construction requirements will result in the automatic cancellation of the partitioned license without further Commission action.

(ii) *Requirements for disaggregation.* Parties seeking authority to disaggregate spectrum from an EA licensee in Spectrum Blocks A, B and C must meet one of the following channel use requirements:

(A) The partitionee may certify that it will satisfy the channel usage requirements set forth in § 90.685(d) for the disaggregated spectrum; or

(B) The original licensee may certify that it has or will meet the channel usage requirements as set forth in § 90.685(d) for the entire spectrum block. In that case, the disaggregatee must only satisfy the requirements for “substantial service,” as set forth in § 90.685(c), for the disaggregated spectrum within five years of the license grant.

(C) Applications requesting partial assignments of license for disaggregation must include a certification by each party as to which of the above options they select.

(D) Disaggregatees must submit supporting documents showing compliance with the respective channel usage requirements within the appropriate time frames set forth in § 90.685(c).

(E) Failure by any disaggregatee to meet its respective channel usage re-

quirements will result in the automatic cancellation of the disaggregated license without further Commission action.

(2) *Licensees in channel blocks D through V—(i) Requirements for partitioning.* Parties seeking authority to partition an EA license must meet one of the following construction requirements:

(A) The partitionee may certify that it will satisfy the applicable construction requirements set forth in § 90.685(c) for the partitioned license area; or

(B) The original licensee may certify that it has or will meet the construction requirements set forth in § 90.685(c) for the entire market.

(C) Applications requesting partial assignments of license for partitioning must include a certification by each party as to which of the above options they select.

(D) Partitionees must submit supporting documents showing compliance with the respective construction requirements within the appropriate time frames set forth in § 90.685(c).

(E) Failure by any partitionee to meet its respective construction requirements will result in the automatic cancellation of the partitioned license without further Commission action.

(ii) *Requirements for disaggregation.* Parties seeking authority to disaggregate must submit with their partial assignment application a certification signed by both parties stating which of the parties will be responsible for meeting the construction requirements for the market as set forth in § 90.685. Parties may agree to share responsibility for meeting the construction requirements. Parties that accept responsibility for meeting the construction requirements and later fail to do so will be subject to license forfeiture without further Commission action.

(g) *Certification concerning relocation of incumbent licensees.* Parties seeking approval of a partitioning or disaggregation agreement pursuant to this section must include a certification with their partial assignment of license application as to which party

will be responsible for meeting the incumbent relocation requirements set forth at § 90.699.

[62 FR 41221, July 31, 1997, as amended at 63 FR 68973, Dec. 14, 1998]

§ 90.912 Definitions.

(a) *Scope.* The definitions in this section apply to §§ 90.910 and 90.911, unless otherwise specified in those sections.

(b) *Small business; very small business; consortium of small businesses; consortium of very small businesses.* (1) A *small business* is an entity that together with its affiliates and controlling principals, has average gross revenues that do not exceed \$15 million for the three preceding years; or

(2) A *very small business* is an entity that together with its affiliates and controlling principals, has average gross revenues that do not exceed \$3 million for the three preceding years.

(3) For purposes of determining whether an entity meets the \$3 million or \$15 million average annual gross revenues size standard set forth in paragraph (b)(1) of this section, the gross revenues of the entity, its affiliates, and controlling principals shall be considered on a cumulative basis and aggregated.

(4) A *consortium of small business* is a conglomerate organization formed as a joint venture between or among mutually-independent business firms, each of which individually satisfies the definition of a small business in paragraphs (b)(1) of this section. In a consortium of small businesses, each individual member must establish its eligibility as a small business, as defined in this section.

(5) A *consortium of very small business* is a conglomerate organization formed as a joint venture between or among mutually-independent business firms, each of which individually satisfies the definition of a very small business in paragraph (b)(2) of this section. In a consortium of small businesses, each individual member must establish its eligibility as a very small business, as defined in this section.

(c) *Gross revenues.* Gross revenues shall mean all income received by an entity, whether earned or passive, before any deductions are made for costs of doing business (*e.g.*, cost of goods

sold). Gross revenues are evidenced by audited financial statements for the relevant number of calendar or fiscal years preceding the filing of the applicant's short-form application (FCC Form 175). If an entity was not in existence for all or part of the relevant period, gross revenues shall be evidenced by the audited financial statements of the entity's predecessor-in-interest or, if there is no identifiable predecessor-in-interest, unaudited financial statements certified by the applicant as accurate. When an applicant does not otherwise use audited financial statements, its gross revenues may be certified by its chief financial officer or its equivalent.

(d) *Affiliate*—(1) *Basis for affiliation.* An individual or entity is an affiliate of an applicant if such individual or entity:

(i) Directly or indirectly controls or has the power to control the applicant, or

(ii) Is directly or indirectly controlled by the applicant, or

(iii) Is directly or indirectly controlled by a third party or parties who also control or have the power to control the applicant, or

(iv) Has an "identity of interest" with the applicant.

(2) *Nature of control in determining affiliation.* (i) Every business concern is considered to have one or more parties who directly or indirectly control or have the power to control it. Control may be affirmative or negative and it is immaterial whether it is exercised so long as the power to control exists.

Example for paragraph (d)(2)(i) of this section. An applicant owning 50 percent of the voting stock of another concern would have negative power to control such concern since such party can block any action of the other stockholders. Also, the bylaws of a corporation may permit a stockholder with less than 50 percent of the voting stock to block any actions taken by the other stockholders in the other entity. Affiliation exists when the applicant has the power to control a concern while at the same time another person, or persons, are in control of the concern at the will of the party or parties with the power of control.

(ii) Control can arise through stock ownership; occupancy of director, officer, or key employee positions; contractual or other business relations; or